

DECISION MEMORANDUM

TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL

DATE: JUNE 8, 2009

SUBJECT: CAPITOL WATER'S APPLICATION TO ESTABLISH A NEW TARIFF
RATE TO RECOVER ITS POWER COSTS, CASE NO. CAP-W-09-01

On May 8, 2009, Capitol Water Corporation filed an Application for authority to establish a new tariff rate to recover the Company's cost of electricity related to Idaho Power Company's Rate Schedule No. 55, "Power Cost Adjustment." The Company requests that the Application be processed by Modified Procedure and that the tariff changes become effective July 1, 2009.

BACKGROUND

In April 2009, the Commission issued final Order No. 30762 that established just and reasonable rates for Capitol Water. In that Order the Commission allowed Capitol Water to recover its expenses for electricity by utilizing a three-year consumption average. The Commission determined the Company's average annual electricity consumption to be 1,454,401 kWh. Order No. 30762 at 3.

THE APPLICATION

Capitol Water requests a new tariff rate to recover its cost of electricity related to the change in Idaho Power Company's Schedule No. 55, Power Cost Adjustment (PCA). Capitol Water observed that Idaho Power had requested an increase in its PCA rate from 0.7864 cents per kWh to 1.4717 cents per kWh, to be effective June 1, 2009. Case No. IPC-E-09-11.¹ Based

¹ On May 29, 2009, the Commission issued Order No. 30828 approving an increase in Idaho Power's PCA rate. The PCA was set at 1.4022 cents per kWh effective June 1, 2009.

on its annual electricity consumption and Idaho Power's proposed PCA increase, Capitol Water contends that it will incur additional electricity costs of \$9,967.01, or a 13.02% increase.

To alleviate the expense shortfall, Capitol Water proposes a change to its Schedule No. 3 (Other Recurring and Non-recurring Charges) for a period of one year commencing July 1, 2009, to allow it to collect \$10,467 in additional revenue (\$9,967 in electricity costs + \$500 as the cost of filing its Application in this matter). The Company claims that this request represents a 1.675% increase in the total revenue requirement authorized by the Commission in the last rate case, Order No. 30762. Capitol Water maintains that, in each subsequent year, it will review Idaho Power's PCA applications and file with the Commission appropriate requests to pass through any increases or decreases in electric power costs to its customers.

STAFF RECOMMENDATION

Staff has reviewed the Application and recommends that the Company's Application be processed by Modified Procedure. Staff recognizes that Idaho Power's PCA rate did increase to 1.4022 cents per kWh on June 1, 2009. See Order No. 30828. Staff recommends that the proposed effective date of July 1, 2009, be suspended to allow adequate time for comment and processing of the case.

COMMISSION DECISION

1. Does the Commission find that the public interest may not require a hearing, and that this proceeding may be processed under Modified Procedure?
2. Does the Commission find it necessary for Staff to conduct a public workshop pursuant to Rule 127 of the IPUC Rules of Procedure?
3. Does the Commission wish to suspend the Company's proposed effective date of July 1, 2009, pursuant to *Idaho Code* § 61-622, to allow adequate time for comment and processing of the case?



Kristine A. Sasser
Deputy Attorney General

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